

SANDLER, REIFF, YOUNG & LAMB, P.C.

September 17, 2013

**Mr. Thomas Hintermeister
Assistant Staff Director
Audit Division
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463**

Dear Mr. Hintermeister:

This letter will serve as the response of the Nebraska Democratic Party ("NDP") to the Interim Audit Report ("Audit Report") of the Federal Election Commission's Audit Division ("the Audit Division") for the period covering the NDP's financial activities for 2009 and 2010.

The response to each of the Audit Division's three findings is as follows:

Finding #1

The Interim Audit Report's ("IAR") first finding involves recordkeeping for committee payroll expenses. In the IAR the Audit staff notes that the NDP had provided documentation that for those employees who were paid either whole or in part with non-federal funds spent 25% or less of their time on activities in connection with federal elections or federal election activities. The committee has provided such documentation but the IAR recommends that the NDP maintain such records contemporaneously with payroll activities. Thus, the NDP has established procedures to ensure that the committee maintain contemporaneous documents to certify that those employees who work 25% or less of their time in any month for any payroll paid either all or in-part with non-federal funds.

Finding #2

The IAR's second finding involves the NDP's failure to disclose certain debts during the 2010 election cycle. In response to this finding, the NDP has amended its reports to disclose these debts with the following exceptions:

- 1) TCN – Payments to TCN were for non-federal campaign activity. These payments were initially made from non-federal accounts. However, due to non-federal cash flow reasons, the committee decided to make some payments to TCN from its federal accounts instead of making them directly from the non-federal account. As these debts were incurred by the non-federal account of TCN and only paid by the federal account due to cash flow considerations, the NDP objects to the inclusion of these debts on their federal reports. Unless otherwise instructed by the Commission, the NDP does not intend to include this debt on amendments that will be filed with the Commission.
- 2) Goldenrod – The NDP believes that the Audit Division has overstated debts owed to Goldenrod by \$1,000. Thus, the Commission has overstated debt to Goldenrod by \$1,000. The NDP's amendments will exclude the \$1,000 billing error by Goldenrod.

Finding #3

The IAR's third finding involves expenditures in support of the Democratic nominee for House of Representatives for the 2nd District, Tom White. According the IAR, the Commission contends that the NDP exceeded its expenditure limit granted in accordance with 2 U.S.C. § 441a(d) by \$34,789. The NDP disagrees with this Finding, in part, as follows:

- 1) Custom Lettering Service, Inc. – The payment of \$577.80 to Custom Lettering Service Inc. was merely for a sign that was placed in the window of the party's field office during the 2010 general election period. The sign was not intended as a public communication in was placed next to the sign of many other Nebraska candidates as is common place for party offices.
- 2) Mack Crouse Group - Postcards printed by Mack Crouse Group at a cost of \$4,596.00 were hand stamped by volunteers and labels were placed by volunteers by hand on the postcards at party headquarters. The committee inadvertently included this payment on Line 25 of its reports. The report will be amended to move this expense to Line 30(b). Attached to this letter is a declaration of Jim Rogers, Executive Director of the NDP, which attests that these mailings were distributed through the use of volunteers and is therefore exempt from the expenditure limits under 2 U.S.C. § 431(8)(B)(ix).

- 3) Expenditure Limit – The committee acknowledges that it only received \$80,000 from the Democratic Congressional Campaign Committee prior to making expenditures. However, the NDP notes, and the Commission should acknowledge that the DCCC further ceded \$6,600 to the NDP in 2012. Although this authority was not ceded in a timely fashion, the Commission should acknowledge that this amount remained unspent and therefore should reduce the amount of the excessive expenditure. See Final Audit Report of the Democratic Executive Committee of Florida, 2008 Cycle, p. 10. A copy of the 2012 letter from the DCCC ceding additional authority is attached to this response.

Additionally, the NDP acknowledges that it inadvertently and incorrectly classified GOTV calls payable to Angle Mastagni Matthews Political Strategies as generic GOTV calls. This error was caused by a miscommunication with the White campaign. The NDP will amend its reports to include these expenditures on Schedule F, Line 25.

If you require any further information, or have any other questions, please call me at (202) 479-1111.

Sincerely,

A handwritten signature in black ink, appearing to read 'Neil Reiff', written in a cursive style.

Neil Reiff
Counsel to the Nebraska Democratic Party